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Costa Rica

Coffee

Annual Report

2008

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Report Highlights:

Costa Rica's coffee 2007/2008 coffee production increased 5.3% as compared to the 2006/2007 crop, primarily as a result of higher productivity. Production is forecast to remain at a similar level during the 2008/2009 crop year.

Includes PSD Changes: No
Includes Trade Matrix: No
Annual Report
San Jose [CS1]
[CS]

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Executive Summary

As a result of higher international coffee prices during the last few years, producers have been using more inputs and cultural practices such as pruning, which has improved output of their plantations. Based on preliminary data from the Costa Rican Coffee Institute (ICAFFE), coffee production increased 5.6% in 2007/2008 as compared to 2006/2007. Even though the next crop (2008/2009) is supposed to be the lower year in the coffee cycle, production is forecast to remain similar to this year's level because producers have been able to provide better care to their plantations.

Production

Based on preliminary data from ICAFFE (Costa Rican Coffee Institute), production increased to 1,882,000 60 kg bags in 2007/2008 (Note: for the purpose of this report bags refers to 60 kg bags) from 1,782,000 bags in 2006/2007. Better prices for coffee are allowing producers to improve fertilization and cultural practices. Although it is still early in the coffee cycle, the 2008/2009 forecast is for the crop to remain similar to this year's given that farmers have been able to invest in the maintenance of their plantations. Area planted is not expected to change significantly over the next few years, as the downward trend has apparently come to an end, at least under current conditions.

Table 1: Production, Supply and Distribution: Coffee, Green

Costa Rica Coffee, Green										
	2007	Revised		2008	Estimate		2009	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		10/2006	10/2006		10/2007	10/2007		10/2008	10/2008	MM/YYYY
Area Planted	100	100	98	100	100	98	0	0	98	(1000 HA)
Area Harvested	93	93	93	93	93	93	0	0	93	(1000 HA)
Bearing Trees	384	384	384	384	384	384	0	0	384	(MILLION TREES)
Non-Bearing Trees	46	46	46	46	46	46	0	0	46	(MILLION TREES)
Total Tree Population	430	430	430	430	430	430	0	0	430	(MILLION TREES)
Beginning Stocks	1315	1315	89	1308	1308	77	0	0	170	(1000 60 KG BAGS)
Arabica Production	1792	1792	1782	1850	1850	1882	0	0	1880	(1000 60 KG BAGS)
Robusta Production	0	0	0	0	0	0	0	0	0	(1000 60 KG BAGS)
Other Production	0	0	0	0	0	0	0	0	0	(1000 60 KG BAGS)
Total Production	1792	1792	1782	1850	1850	1882	0	0	1880	(1000 60 KG BAGS)
Bean Imports	0	0	0	0	0	0	0	0	0	(1000 60 KG BAGS)

Roast & Ground Imports	0	0	0	0	0	0	0	0	0	(1000 60 KG BAGS)
Soluble Imports	0	0	0	0	0	0	0	0	0	(1000 60 KG BAGS)
Total Imports	0	0	0	0	0	0	0	0	0	(1000 60 KG BAGS)
Total Supply	3107	3107	1871	3158	3158	1959	1303	1303	2050	(1000 60 KG BAGS)
Bean Exports	1430	1430	1471	1480	1480	1451	0	0	1500	(1000 60 KG BAGS)
Rst-Grnd Exp.	0	0	0	0	0	0	0	0	0	(1000 60 KG BAGS)
Soluble Exports	0	0	0	0	0	0	0	0	0	(1000 60 KG BAGS)
Total Exports	1430	1430	1471	1480	1480	1451	0	0	1500	(1000 60 KG BAGS)
Rst,Ground Dom. Consum	364	364	318	370	370	333	0	0	335	(1000 60 KG BAGS)
Soluble Dom. Cons.	5	5	5	5	5	5	0	0	5	(1000 60 KG BAGS)
Domestic Use	369	369	323	375	375	338	0	0	340	(1000 60 KG BAGS)
Ending Stocks	1308	1308	77	1303	1303	170	0	0	210	(1000 60 KG BAGS)
Total Distribution	3107	3107	1871	3158	3158	1959	0	0	2050	(1000 60 KG BAGS)
Exportable Production	1423	1423	1459	1475	1475	1544	0	0	1540	(1000 60 KG BAGS)

Consumption

Coffee consumption was 323,000 bags in 2006/2007. Consumption is expected to increase to 339,000 bags during 2007/2008. The large number of Nicaraguan immigrants who are gradually increasing their coffee consumption is believed to be one of the factors behind the higher consumption. Another factor is the increase in tourism over the last few years. Many tourists purchase coffee during their visit to Costa Rica to take home as gifts or for personal consumption. Costa Rica received over 2.0 million tourists in 2007. Per capita coffee consumption is considered to be high at about 4.5 kg per person per year.

Trade

Costa Rica exported 1,471,132 bags of coffee in 2006/2007, most of which went to the United States (52.3%), Germany (11.1%), and Japan (7.8%). Coffee exports to the United States as a percentage of total exports have grown significantly in the past few years. Exports are expected to reach 1,451,000 bags in 2007/2008.

Although coffee has declined to third place in terms of the export value of agricultural products, it is still an important producer of foreign exchange. In 2006/2007, the export

value of coffee reached \$247.3 million, up from \$221.6 million in 2005/2006, only surpassed by bananas and pineapples.

According to preliminary data from ICAFE, the average FOB export price for the 2006/2007 coffee crop was \$169.52 per bag, as compared to \$159.04 per bag for the 2005/2006 crop. The average export price has improved since the 2001/2002 crop year.

Table 2: Export Trade Matrix, Coffee, Green

Costa Rica Coffee, Green 60 kg bags	
Time Period	2006/2007
Exports for:	
U.S.	799,799
Others	
Germany	164,163
Japan	114,275
Belgium	100,084
Italy	87,998
Canada	53,642
Total for Others	520,162
Others not Listed	151,171
Grand Total	1,471,132

Stocks

As a result of a methodological change reported by the ICAFE in the accounting procedures for green coffee, the beginning and ending stock numbers have been considerably reduced. The new numbers reflect a more realistic value of the beginning and ending stocks at each particular crop year.